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DEPARTMENT OF BUSINESS AND INDUSTRY  
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Bulletin 16-003

June 14, 2016

**Credit for Reinsurance standards for Captive Risk Retention Groups (RRGs) filing on a U.S. Generally Accepted Accounting Principles (GAAP) basis**

Nevada Revised Statute ("NRS") 694C.350 states that a captive insurer may take credit for reserves on risks ceded to a reinsurer that is in compliance with NRS 681A.140 to 240. For RRGs, the Division is expecting that pursuant to NRS 681A any unauthorized reinsurer utilized that reduction in liabilities would not be greater than the amount of collateral held by the ceding RRG. The accounting for the provision for unauthorized reinsurance can be accounted for as a liability on line 16 of page 3 of the Property & Casualty Annual Statement ("P&C Annual Statement") or a reduction of reinsurance recoverables on line 16 of page 2 of the P&C Annual Statement.

A blue ink signature of Barbara D. Richardson, consisting of a stylized 'B' and 'R' followed by a horizontal line.

BARBARA D. RICHARDSON  
Commissioner of Insurance